

22,000 children left behind

by Keila Szpaller

The Centers for Medicare and Medicaid Services has asked the State of Montana Health Care Resources Bureau for documentation about a reserve fund created in a state contract with Blue Cross Blue Shield of Montana (BCBSMT).

“It is our understanding that there are concerns that this reserve fund may have been inappropriately established,” reads the Oct. 11 letter from Diane Livesay, with CMS’ Division of Medicaid and Children’s Health.

The contract in question is the Children’s Health Insurance Plan (CHIP) contract, currently under negotiation.

CMS asks that Mary Noel, bureau chief of the State of Montana Health Care Resources Bureau, provide documentation on the contract by Oct. 20.

In part, CMS asks for a written description of “The State’s process for monitoring...contractors to detect potential waste, fraud and abuse.” CMS also asks to be apprised of current contract negotiations with BCBSMT.

Montana has received federal funds for CHIP for five years. Since that time, BCBSMT has been the only insurance provider to administer the program.

Mary Caferro, an advocate for WEEL (Working for Equality and Economic Liberation) and member of a steering committee for the State Planning Grant for the Uninsured, has been lobbying that BCBSMT’s funds in reserve be spent.

“The reserve should go to cover health care for more kids,” she says.

Currently, she says, BCBSMT has “what could be considered an excessive amount going toward reserves and administrative costs.”

Between 1999 and 2003, BCBSMT spent 76.7 percent of its funds on claims. The rest-23.3 percent-went toward overhead, administrative costs and reserves. Overhead and administrative costs should be kept at federally mandated 10 percent, says Caferro. CMS will determine whether BCBSMT’s reserve funds can be counted toward overhead costs. (The letter does not specify a date for such a determination.)

Bureau Chief Noel does not believe that CMS’s request will affect current negotiations. Late last week, the state and BCBSMT agreed to extend negotiations but did not set a deadline.

“We’re still continuing with negotiations,” says BCBSMT’s Tanya Ask.

Both parties expect an agreement to be signed by Oct. 15.

CHIP provides insurance for 10,900 Montana children. In Montana, 22,000 additional children are eligible for CHIP coverage